
REGULATION

Definition IRS Full Service Collection is a method of collection which uses the full powers of the Internal Revenue Service (IRS) to collect past due child support. Under this method, the IRS can withhold federal income tax refunds, collect personally from the payer, or collect from the payer's income or assets. The service is available only in cases enforced under Title IV-D.

Enforcement Tool IRS Full Service Collection is an enforcement tool which may be utilized by the Friend of the Court only after all other enforcement efforts have failed. Cases referred for this collection method must meet certain requirements and must be authorized by both the Office of Child Support (OCS) and regional Office of Child Support Enforcement in the Department of Health and Human Services (HHS).

Request The IRS Full Service Collection request is made for a specific delinquent amount of child support. When IRS collects child support obligations the collections should only be allocated to cases certified to them for that purpose. Arrearages that accumulate subsequent to the amount on an active request may be certified under a separate application for IRS Full Service Collection Services. Similarly, if it is later determined that there are two cases involving a particular non-custodial parent, a separate application for IRS Full Service Collection could be made at the point when it becomes known there is another case.

Because of the extensive work required in each case, only cases which meet the requirements and in which there is a reasonable probability of success in collection should be referred for IRS Full Service Collection. OCS is available to discuss cases considered for referral prior to formal written submission for certification.

ADVANCE NOTICE Before submitting a request for IRS Full Service Collection, the Friend of the Court must send a registered letter informing the payer of the intent to refer the case to the IRS unless the arrearage is paid or suitable payment pay arranged (due process). The amount of the arrearage and the time period involved must be included in the notice.

FEES The IRS charges a fee of \$122.50 for each case handled by their agency. This fee is paid by the State on behalf of the IV-D customers who receive Family Independence Program (FIP) or Medicaid-only and in FIP arrearage cases when the process is utilized primarily to collect FIP arrearages owed on behalf of a former FIP recipient. When the State pays the IRS fee, amounts collected by the IRS must be used to satisfy arrearages owed to the State before any amount is distributed to the IV-D customer.

The fee must be paid by the non-FIP IV-D applicant or former FIP recipient when the customer requests use of the IRS Full Service Collection

process to collect arrearages owed to the family. The Friend of the Court must collect the fee from the IV-D customer and receipt the payment. A check payable to the "State of Michigan" must be submitted to OCS upon request if OCS approves use of the IRS collection process (see "OCS Certification Procedures" in this item).

Fees are usually required for IRS Full Service Collection services in each of the following situations:

- An initial certification;
- A recertification of a case against a payer which had previously been certified but which has been officially closed (due to collection, other IRS action, or voluntary withdrawal of the request by the state);
- A child is added to a certified case;
- The period of arrearages or arrearage amount is increased on a certified case.

Fees are generally not charged when children are removed from a certified case or the arrearage requested decreases. These situations might occur when a certified case is adjusted due to an error in the original request or the arrearage amount is amended by court order or by collection other than IRS.

ELIGIBLE CASES

OCS will certify cases for IRS Full Service Collection that meet the following requirements:

- The case must be a IV-D case (current public assistance, former public assistance, or never public assistance).
- There must be a valid court or administrative order for support of minor children which has not been rescinded (current with arrears or arrears only).
- The amount owing and to be collected under the support order must be arrearages of at least \$20,000 (formerly \$1,000).
- Diligent and reasonable efforts to collect child support must have been made through existing enforcement mechanisms (by the custodial parent, Friend of the Court, or other agency) to the extent that further efforts would be unproductive. Examples of existing mechanisms include:
 - Use of Uniform Interstate Family Support Act (UIFSA) or long arm measures when the absent parent's location is out of state;

- Income withholding, sequestration or garnishment when there is source of income;
- Liens or property attachments against in-state assets;
- Show cause for contempt action; **and**
- Criminal non-support action.
- The payer's address and if applicable, place of employment must have been verified within **two** months of the request for IRS Full Collection Service.
- There must be identified either a source of income (e.g.employment) or assets (e.g. property, bank accounts).
- At least six months must have elapsed since the last certification of the case for IRS Full Service Collection has been officially closed by the IRS.

PROCEDURES

Referral by the Friend of the Court

All requests for the IRS Full Service Collection must be submitted in writing, using Form OCSE-20, Application For The Collection of Delinquent Child Support Payments By The Internal Revenue Service, and identified as a request for IRS Full Service Collection. The request must include the following information:

1. Furnish the following payer information:
 - Name
 - Social Security Number
 - Date of Birth
 - Address and how and when last verified
 - Telephone number (if known)
 - Place and address of employment if any and how and when last verified.
2. Furnish the custodial parent or guardian's name, date of birth, social security number and address.
3. Provide the full names and dates of birth of the children for whom support is ordered.
4. Specify IV-D case status; i.e. current public assistance, former public assistance or never public assistance.
5. Specify the arrearage amount and period of arrearage. Attach a certified copy of all orders and, if not included in the orders, the fol-

lowing information: names and addresses of all payees and amounts owed to each payee.

6. List the source of any income and how and when this information was determined and (if available) last verified.
7. List assets, the location of these assets, and as much information as possible about these assets, including any verification documentation.
8. Explain all actions taken to collect ordered support by payee, Friend of the Court, and other agencies or individuals using existing mechanisms. Include the following information:
 - A description of the actions taken and why they failed;
 - A description of actions not taken and why, **and**
 - Why further action would be unproductive.
9. State whether any portion of the amounts sought by IRS Full Service Collection has been previously referred to the IRS. If yes, how much? When was this case last referred for IRS Full Service Collection?
10. Attach copy of "advance notice" sent to the payer and the payer's response if any.
11. The request must certify that the information is correct to the best of your knowledge. The request is to include Friend of the Court designated or authorized employee signature.

OCS Certification Procedures

OCS will review request for IRS Full Service Collection. Upon receipt, eligible cases which have the necessary information and documentation will be certified by the Director of OCS and forwarded to the Region V Office of Child Support Enforcement. Cases which do not meet the requirements or which do not appear to have a good probability of collection will be denied in writing with an explanation of the reasons for denial. In most situations, cases will be discussed with the Friend of the Court prior to certification or denial. If a request does not meet all the requirements, OCS will attempt to correct the request in consultation with the Friend of the Court. If the request cannot be corrected, it will not be certified.

HHS Certification Procedures

The Regional Representative of the Region V of Child Support Enforcement in HHS will review each request to determine whether it meets the necessary requirements (see "Eligible Cases" above). If a request meets all requirements, the Regional Representative will promptly certify and transmit the request with a copy of all supporting documentation to the Secretary of the Treasury. At the same time, the Regional Representative will notify OCS in writing of the transmittal.

If a request does not meet all requirements, the Regional Representative will attempt to correct the request in consultation with OCS. If the request cannot be corrected through consultation, the Regional Representative will return it to OCS with an explanation of why the request was not certified.

OCS will promptly notify the Friend of the Court of any decisions by the Regional Representative for certification or denial and will assist the FOC when additional information is needed by the Regional Representative.

IRS Procedures

Upon receipt of the request, the IRS Service Center in the district in which the payer resides will send a notice and demand for payment to the payer with a copy to the HHS Regional Representative. Sixty days after the notice is sent, enforcement action can begin and the case is assigned to a field investigator (revenue officer). The revenue officer will attempt to personally contact the payer.

The revenue officer will pursue collection as if the delinquency were a tax matter. If the payer is contacted and the full payment of the certified amount is not received, the revenue officer will get a collection information statement on the payer's financial condition. The revenue officer will analyze all available financial data to determine the payer's maximum ability to pay and the best way of handling the account. Generally, the revenue officer will decide to enforce collection against the payer's income or assets, secure an installment agreement, or suspend collection activity because the account is not currently collectable. While in suspended status, the request is considered to be active and all changes which may affect the case should be reported by the Friend of the Court to OCS.

The IRS may enforce collection, or levy, for child support obligations against any income or assets of the payer except for the following items:

- Wearing apparel and schoolbooks.
- Fuel, provisions, furniture, and personal effects of not more than \$500.
- Books and tools of a trade, business, or profession of not more than \$250.
- Undelivered mail.
- Workmen's compensation.
- A minimum exemption from levy on wages, salary, and other income of a weekly sum of \$50 for self and \$15 for each qualifying dependent.

- So much of the salary, wages, or other income of an individual as is being withheld in garnishment under a judgement entered into by a court of competent jurisdiction for support of minor children.

A levy on salary and wages is continuous from the time of service until it is released or until the debt is satisfied. The levy will attach to the net salary minus the exemption for the self and dependents.

If the payer has ownership interest in property, the property may be seized and sold for payment of the delinquency. Since the sale is to the highest bidder, the amount realized will be the forced sale value rather than fair market value (minus the balance due on previous encumbrances). In addition, local law, in particular that on joint ownership of property, may depress the property value or even prevent its seizure and sale. If property is sold, IRS policy provides that expenses of the seizure and sale will be paid first from the proceeds. Remaining proceeds will be applied to the delinquent child support obligations.

If the financial data shows that enforcement action would cause a hardship, the revenue officer will permit an installment agreement based on the payer's income and reasonable living expenses or will declare that the account is currently uncollectable. If the revenue officer determines that collection action should be suspended because the account is not currently collectable, the officer will schedule a later investigation if it appears that the parent's financial condition will improve or that the payer's assets will increase in value.

If the payer moves out of the district in which the account is assessed, the account will be transferred to the new district in which the payer lives, unless it is in suspended status. Occasionally, despite the sources checked, the revenue officer cannot locate a payer who has moved. In these cases, the account is reported as currently uncollectable.

The IRS Full Service Collection request will remain active with the IRS until full collection of the amount is completed, the statute of limitation expires (presently 6 years for IRS cases), or the state withdraws the request.

FOC RESPONSIBILITIES AFTER REQUEST IS SUBMITTED TO OCS

After a request for IRS Full Collection Service is submitted by the Friend of the Court and until the request is terminated or denied, the Friend of the Court must report to OCS all changes in case status which affect the request. Such changes include:

- Any information on the IRS Full Service Collection request which is in error.

- Any decrease in the arrearage amount that was certified to the IRS, due to payment or amended court order, **and**
- Any change in information provided in the original request for the following:
 - Number of children included in the request;
 - Type or location of assets;
 - Payer's address, place of employment, or source of income.

OCS will transmit the revised information to the Regional Representative who will forward the information to the Secretary of Treasury.